



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

MARY A. LANNOYE
DIRECTOR

July 5, 2005

The Honorable Shirley Johnson, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48901

The Honorable Scott Hummel, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the month ending May 31, 2005. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

www.michigan.gov/budget under AFinancial Reports.@

If you have questions concerning the information in this report, please contact this office.

Sincerely,

Mary A. Lannoye
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm
Ken Sikkema, Senate Majority Leader
Craig DeRoche, Speaker of the House
Bob Emerson, Senate Minority Leader
Diane Byrum, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Nancy Cassis, Chair, Senate
Finance Committee

Fulton Sheen, House Tax Policy Committee
Rick Wiener, Executive Office
Tim Hughes, Executive Office
Senate Fiscal Agency
House Fiscal Agency
Mike Moody, Financial Management
Nancy Duncan, Deputy Director
State Budget Office
Internal Office of the State Budget
Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2005
Projected Revenues and Expenditures
May 31, 2005
(\$ in millions)

	FISCAL 2005
Beginning Balance, October 1, 2004	\$ -
Revenues, Current Law:	
Current Year GF/GP Revenues, May 2005 Consensus Estimate	\$ 7,914.7
Adjustments to Consensus Baseline	\$ -
Adjusted Current Year GF/GP Revenue Baseline	\$ 7,914.7
Additional Revenue Adjustments:	
Revenue Sharing Reductions (PA 355 of 2004 and May 2005 Consensus)	\$ 322.2
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 182.3
Sale of Northville (PA 6 of 2002) - deposit funds	\$ 3.0
Interfund Borrowing Rates	\$ 20.0
Judiciary Technology Improvement Fund (PA 466 of 2004)	\$ 1.5
Juror Compensation Fund Balance deposited to General Fund (PA 465 of 2004)	\$ 4.0
Comprehensive Transportation Fund - reduce and lapse fo General Fund (PA 544 of 2004)	\$ 10.0
Non-Use of SBT Pharmaceutical Credit	\$ 10.0
General Tobacco Settlement revenue deposited to General Fund (PA 360 of 2004)	\$ 7.0
Subtotal of Additional Revenue Adjustments	\$ 560.0
Anticipated Revenue Adjustments:	
Proceeds from Land Sales	\$ 58.5
Budget Stabilization Fund - Unreserved Balance	\$ 82.9
Escheats Enforcement	\$ 2.5
Liquor Purchase Revolving Fund additional lapse	\$ 0.9
Total FY Resources Available For Expenditure GF/GP	\$ 8,619.5
Expenditures, Current Law:	
Enacted Post Vetoes	\$ 8,751.0
Enacted Supplemental (PA 468 of 2004)	\$ 0.2
Enacted School Aid Supplemental (PA 518 of 2004)	\$ 99.5
Executive Order 2005-7	\$ (295.0)
Enacted Supplemental (PA 11 of 2005)	\$ 40.0
Enacted Higher Education Supplemental (PA 11 of 2004)	\$ 16.6
Total Enacted	\$ 8,612.3
Anticipated Expenditure Adjustments	
Lapse Building Occupancy Charges - DMB (PA 327 of 2004, sec. 720)	\$ (0.7)
Total Expenditures Projected	\$ 8,611.6
Projected Ending Balance, September 30, 2005	\$ 7.9

OFFICIAL BALANCE SHEET

SCHOOL AID FUND Fiscal Year 2005 Projected Revenues and Expenditures May 31, 2005 (\$ in millions)

	FISCAL 2005
Beginning Balance, October 1, 2004	\$ 74.1
Current Year School Aid Fund Revenues, May 2005 Consensus	\$ 10,850.5
Adjustments to Consensus Baseline	
Payment in Lieu of Taxes Adjustment (PA 513 of 2004)	\$ (2.0)
Increase income threshold to defer summer taxes (PA 24 of 2005)	\$ (4.0)
FY04 Audit Receivables Adjustment	\$ (11.4)
Subtotal, School Aid Fund, Current Year Direct Resources	\$ 10,833.1
Pending Supplemental - Proceeds of Capitalization of the School Bond Loan Fund revolving fund	\$ 41.1
Appropriation from GF/GP	\$ 165.2
Supplemental appropriation from GF/GP (PA 518 of 2004)	\$ 99.5
E.O. 2005-7	<u>\$ (99.5)</u>
	\$ 165.2
Federal Aid	\$ 1,353.6
Total Available SAF Resources	\$ 12,467.1
Expenditures	
Enacted Appropriations PA 351 of 2004	\$ 12,527.5
Executive Order 2005-7 - General Fund Authorization Decrease	\$ (99.5)
Pending Supplemental - School Aid Fund Authorization Increase	\$ 99.5
Revised impact of various audit and enforcement efforts	\$ 37.6
Revised pupil count/special education costs/taxable value estimates	<u>\$ (98.0)</u>
	\$ (60.4)
Adjusted Appropriations	\$ 12,467.1
Projected School Aid Fund Ending Balance September 30, 2005	\$ -

SUMMARY OF EXPENDITURES AND ENCUMBRANCES

GENERAL FUND GROSS

May 31, 2005

(\$ IN MILLIONS)

FISCAL YEAR 2003-04

FISCAL YEAR 2004-05

May 2004	Yr-to-date 2003-04	Fiscal Yr end SEP 30, 2004	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc May 2005	Exp & Enc Yr-to-date 2004-05
6.7	48.6	95.7	Agriculture	126.1	0.0	4.8	58.6
4.3	32.3	51.3	Attorney General	62.0	0.1	4.4	36.1
24.2	257.5	252.3	Capital Outlay	0.0	584.5	22.6	187.5
1.0	8.4	12.4	Civil Rights	12.7	0.1	1.0	8.2
1.7	15.4	20.3	Civil Service	35.1	-0.2	1.5	15.2
164.2	1,513.9	1,826.0	Colleges & Universities	1,943.2	-40.2	162.1	1,443.1
780.7	6,040.3	9,342.1	Community Health	9,996.4	292.7	879.7	6,518.0
121.3	993.7	1,593.5	Corrections	1,768.7	-17.3	124.4	1,081.8
4.4	64.9	67.3	Education	99.9	2.4	4.5	60.1
10.2	110.7	164.9	Environmental Quality	296.0	3.1	9.7	111.3
0.4	3.2	4.8	Executive Office	5.2	0.0	0.4	3.1
309.7	2,385.4	3,716.2	Human Services	4,287.4	-25.0	353.4	2,631.0
4.3	44.0	54.2	History, Arts & Library	57.1	2.0	2.3	32.1
0.0	0.0	0.0	Information Technology	0.0	0.0	0.0	0.0
29.2	125.7	208.4	Judiciary	253.2	0.0	17.9	134.1
47.5	448.9	678.1	Labor & Economic Growth	835.8	11.0	53.4	455.9
9.4	85.8	126.5	Legislature	126.7	0.0	10.0	82.4
8.0	116.2	145.8	Management & Budget	156.9	4.3	10.0	99.0
7.3	64.0	97.5	Military Affairs	105.5	2.4	7.5	67.7
4.9	52.9	69.7	Natural Resources	95.0	2.4	5.3	51.1
0.0	0.0	0.0	School Aid	0.0	-99.5	0.0	0.0
15.9	106.9	182.5	State	187.2	0.5	14.5	138.8
31.6	220.1	378.2	State Police	475.8	7.4	31.4	256.7
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
12.9	1,261.4	1,675.9	Treasury	1,520.4	49.5	16.0	1,031.2
\$1,599.8	\$14,000.2	\$20,763.6		\$22,446.3	\$780.5	\$1,736.8	\$14,503.0

*Includes boilerplate appropriations.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2005

May, 2005

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,456.7	28.7	15,485.4
Total state spending from state resources	25,904.2	246.0	26,150.2
Percentage of state spending from state resources paid to local units	59.67%		59.22%
Required payments to local units (48.97%)	12,685.3		12,805.8
Surplus/(deficit)	\$2,771.4		\$2,679.6

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
OCTOBER 1, 2004 THROUGH MAY 31, 2005
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
Miscellaneous	<u>641</u>
Total Revenues	<u>641</u>

EXPENDITURES

Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under)	
Expenditures	<u>641</u>

OTHER FINANCING SOURCES (USES)

Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	<u>-</u>
Total operating transfers from other funds	-
Operating transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Excess of Revenues and Other	
Sources over (under) Expenditures	
and Other Uses	<u><u>\$ 641</u></u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2004 THROUGH MAY 31, 2005
(in thousands)

OPERATING REVENUES

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	1,122
Other	-
Total miscellaneous	<u>1,122</u>
Total Operating Revenues	<u>1,122</u>

OPERATING EXPENSES

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	0
Total other operating expenses	<u>0</u>
Total Operating Expenses	<u>0</u>
Operating Income (Loss)	<u>1,122</u>

NONOPERATING REVENUES (EXPENSES)

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	149
Other nonoperating revenue	-
Total other nonoperating revenues	<u>149</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>149</u>
Income (Loss) Before Operating Transfers	<u>1,270</u>

OPERATING TRANSFERS

Operating transfers from primary government	-
Operating transfers to primary government	<u>(1,140)</u>
Total Operating Transfers In (Out)	<u>(1,140)</u>
Net Income (Loss)	<u>\$ 130 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
OCTOBER 1, 2004 THROUGH MAY 31, 2005
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>49,697</u>
Total Revenues	<u>49,697</u>

EXPENDITURES

Current:	
General government	-
Conservation, environment, recreation, and agriculture	1,501
Capital outlay	<u>9,024</u>
Total Expenditures	<u>10,525</u>
Excess of Revenues over (under) Expenditures	<u>39,172</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	92
Operating transfers from other funds	-
Operating transfers to other funds	<u>(10,050)</u>
Total Other Financing Sources (Uses)	<u>(9,958)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u><u>\$ 29,214</u></u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable,
accounts payable, etc.

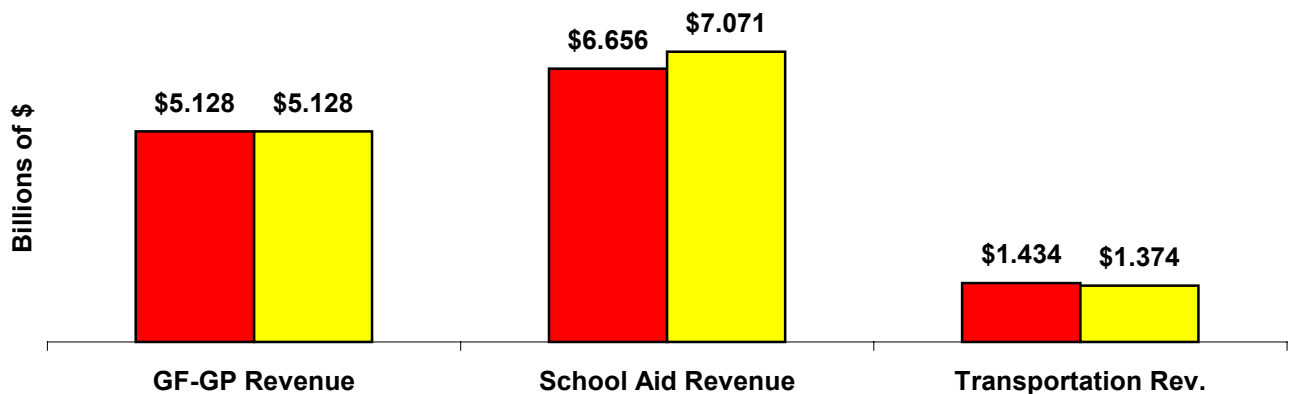
REVENUE OVERVIEW
Economic and Revenue Forecasting Division
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for May 2005, representing some April and some May economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$272.6 million (52.9 percent) higher in May 2005 than in May 2004. The increase is due in part to the timing of single business tax and income tax collections. May School Aid Fund cash collections were \$124.1 million (18.7 percent) higher than in May 2004. May transportation collections were \$13.5 million (7.8 percent) lower than in May 2004 (see revenue table). May is the eighth month of the state's fiscal year. Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are down \$0.3 million (0.0 percent) from a year ago. Excluding income tax refunds, year-to-date General Fund - General Purpose cash collections are up 2.7 percent from a year ago. School Aid Fund cash collections are up \$414.4 million (6.2 percent), and transportation collections are down \$60.6 million (4.2 percent). School Aid Fund collections have been affected by the change in the timing and tax rate of state education tax (SET) payments. Excluding SET payments, School Aid Fund collections are up 2.9 percent from a year ago.

The FY 2004-2005 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on May 19, 2005. The Consensus estimate for net General Fund - General Purpose revenue for FY 2004-2005 is \$7,914.7 million and the net School Aid revenue forecast is \$10,850.5 million. The Transportation Funds revenue forecast is \$2,197.4 million. The revenue projections for each tax are shown after all tax adjustments. The next regularly scheduled revenue conference will be held in January 2006.

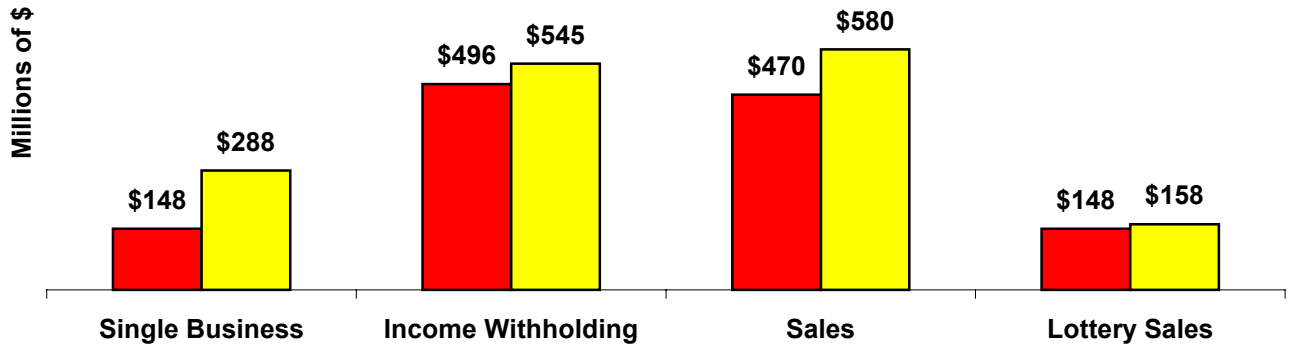
**October through May Collections
Fiscal Years 2003-04 and 2004-05**



Economic and Revenue Forecasting Division

■ FY 2003-04 ■ FY 2004-05

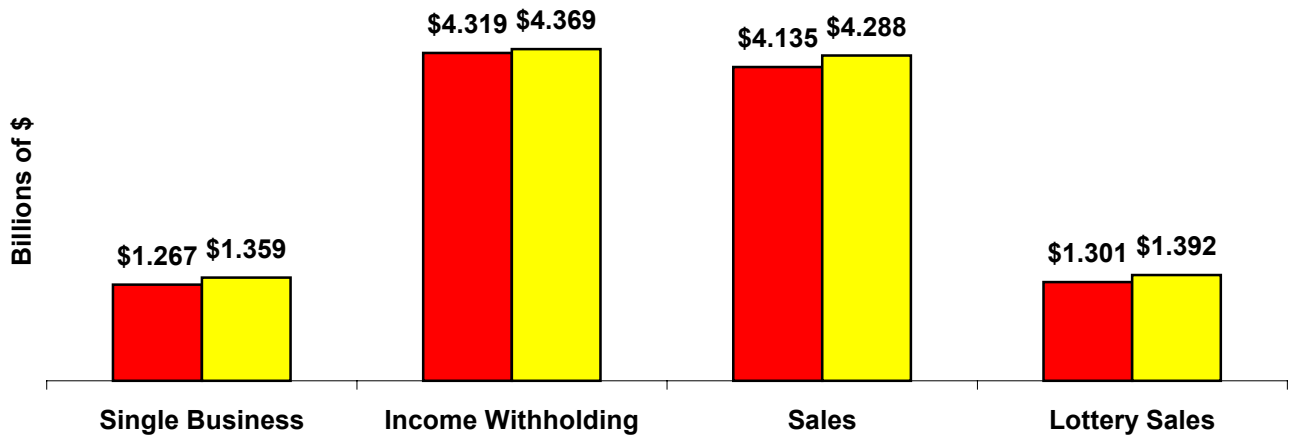
May Revenue Collections Fiscal Years 2003-04 and 2004-05



Economic and Revenue Forecasting Division

■ FY 2003-04 ■ FY 2004-05

October through May Collections Fiscal Years 2003-04 and 2004-05



Economic and Revenue Forecasting Division

■ FY 2003-04 ■ FY 2004-05

Revenue Summary 2004-05
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: May 31, 2005

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MAY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
May		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2003-2004	2004-2005	2004-2005	
2004	2005	Amount	Percent		2003-04	2004-05	Amount	Percent	Actual	Statutory Estimate (b)	May 2005 Consensus	
Income Taxes												
\$496,115	\$544,953	\$48,838	9.8%	Withholding	\$4,319,066	\$4,368,701	\$49,636	1.1%	\$6,365,100	\$6,568,700	\$6,384,500	
5,572	6,079	507	9.1%	Quarterlies	331,126	339,076	7,951	2.4%	601,800	626,600	619,200	
24,841	83,403	58,561	236.0%	Annuals	452,049	593,620	141,570	31.3%	499,800	501,800	626,700	
526,528	634,434	107,906	20.5%	Gross Collections	5,102,241	5,301,397	199,157	3.9%	\$7,466,700	\$7,697,100	\$7,630,400	
197,489	148,428	(49,061)	-24.8%	Less: Refunds	1,340,904	1,517,642	176,738	13.2%	1,594,200	1,674,800	1,660,700	
0	0	0	na	State Campaign Fund	0	0	0	na	1,400	1,500	1,500	
329,039	486,006	156,967	47.7%	Net Personal Income	3,761,337	3,783,756	22,419	0.6%	\$5,871,100	\$6,020,800	\$5,968,200	
131,632	158,609	26,977	20.5%	Less: Disbursements to SAF	1,275,560	1,325,349	49,789	3.9%	\$1,893,400	\$1,996,500	\$1,980,600	
\$197,407	\$327,397	\$129,990	65.8%	NET PERSONAL INCOME TO GF-GP	\$2,485,777	\$2,458,406	(\$27,370)	-1.1%	\$3,977,700	\$4,024,300	\$3,987,600	
Consumption Taxes												
\$5,439	\$8,138	\$2,699	49.6%	Sales (a)	\$52,670	\$56,436	\$3,766	7.1%	\$102,200	\$119,800	\$114,000	
75,072	84,447	9,375	12.5%	Use	561,776	600,421	38,645	6.9%	877,400	885,800	923,700	
23,302	9,718	(13,584)	-58.3%	Tobacco	184,048	78,646	(105,401)	-57.3%	242,700	119,000	119,000	
4,562	4,815	254	5.6%	Beer, Wine & Mixed Spirits	32,335	31,608	(727)	-2.2%	51,500	52,000	52,000	
2,398	2,399	2	0.1%	Liquor Specific	19,063	19,167	103	0.5%	33,000	31,600	33,500	
\$110,772	\$109,517	(\$1,255)	-1.1%	TOTAL CONSUMPTION TAXES	\$849,893	\$786,278	(\$63,614)	-7.5%	\$1,306,800	\$1,208,200	\$1,242,200	
Other Taxes												
\$147,547	\$287,947	\$140,399	95.2%	Single Business	\$1,266,762	\$1,358,873	\$92,110	7.3%	\$1,827,600	\$1,917,500	\$1,845,700	
14,492	28,806	14,314	98.8%	Insurance Premiums Taxes	181,398	177,909	(3,488)	-1.9%	230,300	261,000	229,300	
162,039	316,753	154,714	95.5%	Sub-total SBT & Insurance	1,448,160	1,536,782	88,622	6.1%	2,057,900	2,178,500	2,075,000	
15,753	2,260	(13,493)	-85.7%	Inheritance / Estate	58,100	22,748	(35,352)	-60.8%	75,500	34,000	36,000	
2,492	0	(2,492)	-100.0%	Telephone & Telegraph	59,282	45,741	(13,541)	-22.8%	101,300	120,600	95,300	
3,195	2,931	(264)	-8.3%	Oil & Gas Severance	26,808	39,870	13,062	48.7%	57,100	50,000	63,000	
0	3,874	3,874	na	Casino Wagering	0	29,680	29,680	na	3,200	42,900	42,500	
8,107	8,947	840	10.4%	Penalties & Interest	76,824	77,114	290	0.4%	104,400	110,000	108,500	
0	0	(0)	-100.0%	Miscellaneous Other/Railroad	166	142	(24)	-14.5%	3,200	3,000	0	
(7,083)	(6,667)	417	-5.9%	Treasury Enforcement Programs	(56,667)	(53,333)	3,333	-5.9%	(81,600)	(80,000)	(80,000)	
\$184,503	\$328,099	\$143,596	77.8%	TOTAL OTHER TAXES	\$1,612,674	\$1,698,744	\$86,071	5.3%	\$2,321,000	\$2,459,000	\$2,340,300	
\$492,682	\$765,013	\$272,331	55.3%	SUBTOTAL GF-GP TAXES	\$4,948,343	\$4,943,429	(\$4,914)	-0.1%	\$7,605,500	\$7,691,400	\$7,570,200	

continued

Revenue Summary 2004-05
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: May 31, 2005

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MAY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
May		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2003-2004	2004-2005	2004-2005
2004	2005	Amount	Percent		2003-04	2004-05	Amount	Percent	Actual	Statutory Estimate (b)	May 2005 Consensus
Non-Tax Revenue(g)											
\$2,500	\$2,500	\$0	0.0%	Federal Aid	\$20,000	\$20,000	\$0	0.0%	\$66,100	\$30,000	\$35,000
83	83	0	0.0%	Local Agencies	667	667	0	0.0%	2,900	1,000	2,000
667	667	0	0.0%	Services	5,333	5,333	0	0.0%	17,800	8,000	18,000
1,500	1,500	0	0.0%	Licenses & Permits	12,000	12,000	0	0.0%	55,200	18,000	54,000
0	0	0	na	Investments/Interest Costs	(3,782)	(1,195)	2,587	-68.4%	(22,200)	(80,000)	(73,000)
5,000	5,167	167	3.3%	Misc. Non-tax Revenue	40,000	41,333	1,333	3.3%	76,100	62,000	113,200
10,000	10,083	83	0.8%	Liquor Purchase Revolving Fund	80,000	80,667	667	0.8%	139,400	121,000	133,000
3,233	3,233	0	0.0%	From Other Funds-Lottery & Escheats	25,867	25,867	0	0.0%	101,200	38,800	62,300
\$22,983	\$23,233	\$250	1.1%	TOTAL NON-TAX REVENUE	\$180,085	\$184,672	\$4,587	2.5%	\$436,500	\$198,800	\$344,500
\$515,665	\$788,246	\$272,581	52.9%	TOTAL GF-GP REVENUE	\$5,128,428	\$5,128,101	(\$327)	0.0%	\$8,042,000	\$7,890,200	\$7,914,700
School Aid Fund											
\$191,958	\$236,152	\$44,194	23.0%	Sales Tax 4%	\$1,684,221	\$1,748,691	\$64,470	3.8%	2,635,100	2,767,300	2,705,200
150,494	186,168	35,673	23.7%	Sales Tax 2%	1,327,718	1,373,455	45,737	3.4%	2,081,600	2,188,600	2,128,200
37,536	42,223	4,687	12.5%	Use Tax 2%	280,888	300,211	19,322	6.9%	439,100	442,800	461,900
22,519	27,672	5,153	22.9%	State Education Property Tax	983,596	1,235,394	251,798	25.6%	1,824,500	1,859,700	1,851,600
32,969	26,503	(6,466)	-19.6%	Real Estate Transfer Tax	204,433	202,301	(2,132)	-1.0%	317,500	293,000	320,000
40,000	55,000	15,000	37.5%	Lottery Transfer (c)	395,048	374,883	(20,165)	-5.1%	644,900	637,000	638,000
9,077	8,966	(111)	-1.2%	Casino Wagering Tax	56,289	68,688	12,399	22.0%	95,800	99,300	98,400
2,348	2,360	12	0.5%	Liquor Excise Tax	18,690	18,913	223	1.2%	32,400	31,600	33,500
39,099	38,870	(228)	-0.6%	Cigarette/Tobacco Tax	308,816	314,586	5,769	1.9%	485,200	476,300	477,000
4,041	3,276	(765)	-18.9%	Indus. & Comm. Facilities Taxes	115,466	103,949	(11,516)	-10.0%	150,200	157,000	141,500
471	452	(19)	-4.0%	Specific Other	5,621	4,311	(1,310)	-23.3%	15,800	14,800	14,800
131,632	158,609	26,977	20.5%	Income Tax Earmarking	1,275,560	1,325,349	49,789	3.9%	\$1,893,400	\$1,996,500	\$1,980,600
\$662,144	\$786,252	\$124,107	18.7%	TOTAL SCHOOL AID FUND	\$6,656,346	\$7,070,731	\$414,385	6.2%	\$10,615,600	\$10,963,900	\$10,850,500
\$470,424	\$579,754	\$109,330	23.2%	SALES TAX 6%	\$4,134,753	\$4,287,940	\$153,187	3.7%	\$6,473,500	\$6,800,700	\$6,636,800
319,929	393,586	73,657	23.0%	SALES TAX 4%(e)	2,807,035	2,914,485	107,450	3.8%	4,391,900	4,612,100	4,508,600
150,494	186,168	35,673	23.7%	SALES TAX 2%	1,327,718	1,373,455	45,737	3.4%	2,081,600	2,188,600	2,128,200
112,608	126,670	14,062	12.5%	USE TAX 6%	842,664	900,632	57,967	6.9%	1,316,500	1,328,600	1,385,600
9,077	12,840	3,763	41.5%	CASINO WAGERING TAX	56,289	98,368	42,079	74.8%	99,455	148,300	147,000
71,478	93,438	21,960	30.7%	TOBACCO TAXES	564,563	756,216	191,652	33.9%	992,800	1,177,800	1,179,200
0	0	0	na	TOBACCO SETTLEMENT	273,274	274,327	1,053	0.4%	na	na	na
0	(1)	(1)	na	CIGARETTE INVENTORY TAX	(1)	(299)	(299)	na	na	na	na

continued

Revenue Summary 2004-05
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: May 31, 2005

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MAY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
May		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2003-2004	2004-2005	2004-2005
2004	2005	Amount	Percent		2003-04	2004-05	Amount	Percent	Actual	Statutory Estimate (b)	May 2005 Consensus
Major Transportation Revenues											
\$10,757	\$10,076	(\$681)	-6.3%	Diesel Fuel / Motor Carrier Fuel Tax (h)	\$94,139	\$95,499	\$1,360	1.4%	\$140,492	\$162,600	\$145,000
78,949	68,811	(10,137)	-12.8%	Gasoline	607,943	598,352	(9,591)	-1.6%	932,764	968,000	935,600
71,683	69,025	(2,658)	-3.7%	Motor Vehicle Registration	638,838	589,174	(49,663)	-7.8%	934,309	830,800	857,000
6,287	6,252	(36)	-0.6%	Other Taxes, Fees & Misc.	47,027	44,214	(2,813)	-6.0%	197,237	219,736	203,301
5,810	5,821	11	0.2%	Comprehensive Transportation (d)	46,477	46,564	87	0.2%	70,117	69,846	56,546
\$173,485	\$159,984	(\$13,501)	-7.8%	TOTAL MAJOR TRANS. REVENUES	\$1,434,424	\$1,373,804	(\$60,620)	-4.2%	\$2,274,919	\$2,250,982	\$2,197,447
Lottery Sales By Games (c)											
53,655	51,532	(2,123)	-4.0%	Instant Games	466,575	447,206	(19,369)	-4.2%	na	na	na
55,311	55,737	426	0.8%	Daily Games	491,222	485,869	(5,353)	-1.1%	na	na	na
17,431	21,241	3,811	21.9%	Lotto and Big Game	196,616	199,998	3,382	1.7%	na	na	na
1,131	1,035	(97)	-8.6%	Keno Game	10,147	8,927	(1,220)	-12.0%	na	na	na
0	0	0	na	Changeplay Game	88	0	(88)	-100.0%	na	na	na
20,056	28,634	8,578	42.8%	Club Games	136,369	249,999	113,630	83.3%	na	na	na
\$147,583	\$158,178	\$10,595	7.2%	TOTAL LOTTERY SALES	\$1,301,016	\$1,391,998	\$90,983	7.0%	na	na	na

a GF-GP Sales has been estimated based on CTF and Health Initiative shares.

b Statutory and Consensus Estimates have been adjusted to include the Tobacco tax increase (PA 164 of 2004) and Casino Tax Increase (PA 306 of 2004).

c The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

d The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

e 2% collections adjusted to reflect exemption on residential utilities.

f Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

g Non-tax revenue estimates other than interest are estimates. Federal aid total does not include the \$169 million in federal aid from federal stimulus bill in FY 2004.

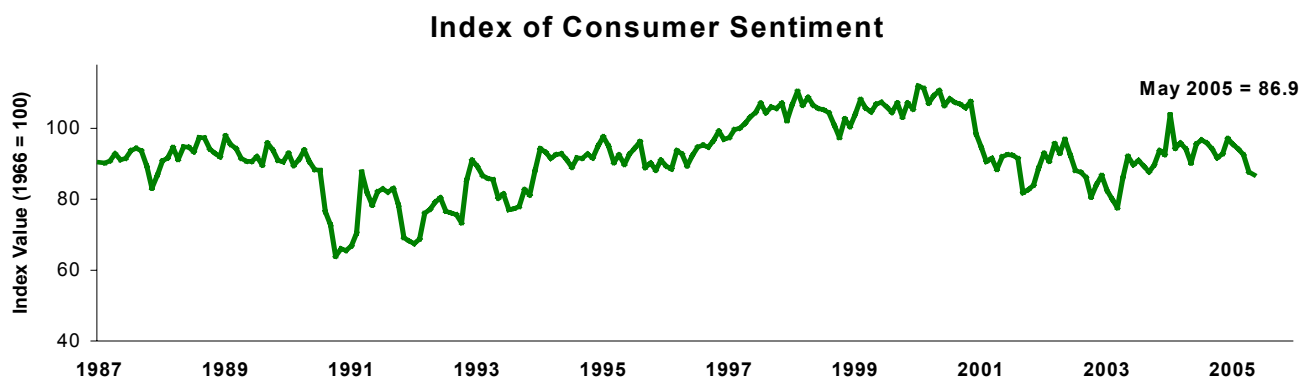
h Starting in January 2005 totals include revenue from the Motor Carrier Fuel Tax. Prior year totals have been adjusted to also include the Motor Carrier Fuel Tax.

Source: Michigan Department of Treasury, Economic and Revenue Forecasting Division, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 86.9 in May, 0.8 index-points below the April value and 3.3 index-points below May 2004. On the decline in confidence in the May report, Survey director Richard Curtin noted, "The continued strain on family budgets from high gas prices has kept the overall level of confidence at the lowest level since early 2003." Curtin reported that, "Consumers have become less confident about the longer term outlook for the economy, holding the least favorable prospects in ten years. Without the anchor of favorable long-term expectations, near-term expectations will exhibit greater instability as they are now more vulnerable to transitory shifts in economic conditions." Curtin also observed that, "Vehicle buying attitudes inched upward from the decade lows in the previous survey." In May, consumers in one of four regions reported an increase in confidence. Northeastern consumers reported an increase in confidence of 6.4 index-points. Southern consumers recorded the largest decrease in confidence of 3.2 index-points. The gap across regions decreased from last month to 6.1 index-points, with Southern consumers on top and Midwestern consumers on the bottom.

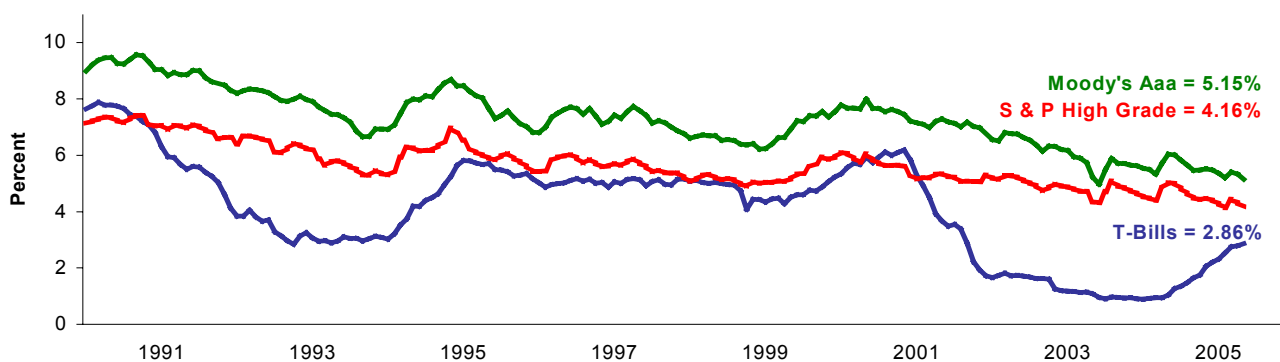
The preliminary estimate of real **Gross Domestic Product** for the first quarter of 2005 is \$11,088.8 billion (chained 2000 dollars), an increase of 3.5 percent at an annual rate. In the fourth quarter of 2004, real gross domestic product increased 3.8 percent. Personal consumption expenditures, private inventory investment, exports, equipment and software, and residential fixed investment led first quarter growth. Imports, which are a subtraction in the calculation of GDP, also increased. Real personal consumption expenditures increased 3.6 percent in the first quarter compared to an increase of 4.2 percent in the fourth quarter. Real residential fixed investment increased 8.8 percent in the first quarter compared to an increase of 3.4 percent in the fourth quarter. Real nonresidential fixed investment increased 3.5 percent in the first quarter led by increased investment in equipment and software of 5.6 percent. Real federal government expenditures increased 0.4 percent in the first quarter compared to a 1.2 percent increase in the fourth quarter. Real state and local government spending decreased 0.5 percent in the first quarter compared to a 0.6 percent increase the fourth quarter. Exports of goods and services increased 7.2 percent in the first quarter, compared to a 3.2 percent increase in the fourth quarter. Imports increased 9.1 percent in the first quarter compared to an increase of 11.4 percent in the fourth quarter. Private inventory investment increased \$68.4 billion in the first quarter, up from a \$47.2 billion increase in the fourth quarter. Real final sales increased at a 22.7 percent rate in the first quarter compared to a 3.4 percent rate in the fourth quarter. On the inflation front, the **implicit price**

deflator measure estimate increased at a 3.1 percent annual rate in the first quarter, compared to an increase of 2.3 percent observed in the fourth quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), decreased 0.1 percent in May, down from a 0.5 percent increase in April. Energy decreased by 2.0 percent in May; compared to a 4.5 percent increase in April, while the all-items less food and energy component increased 0.1 percent. For the six months since November, the all-items index increased at a 3.1 percent annual rate.

Compared to May 2004, the all-items index increased 2.8 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 2.5 percent; housing, 3.0 percent; medical care, 4.3 percent; recreation, 0.6 percent; education and communication, 1.9 percent; and other goods and services, 2.9 percent, with tobacco prices up 5.2 percent; transportation 4.2 percent, with gasoline prices up 10.3 percent. The unadjusted decreases from one year ago were: apparel, 0.8 percent.

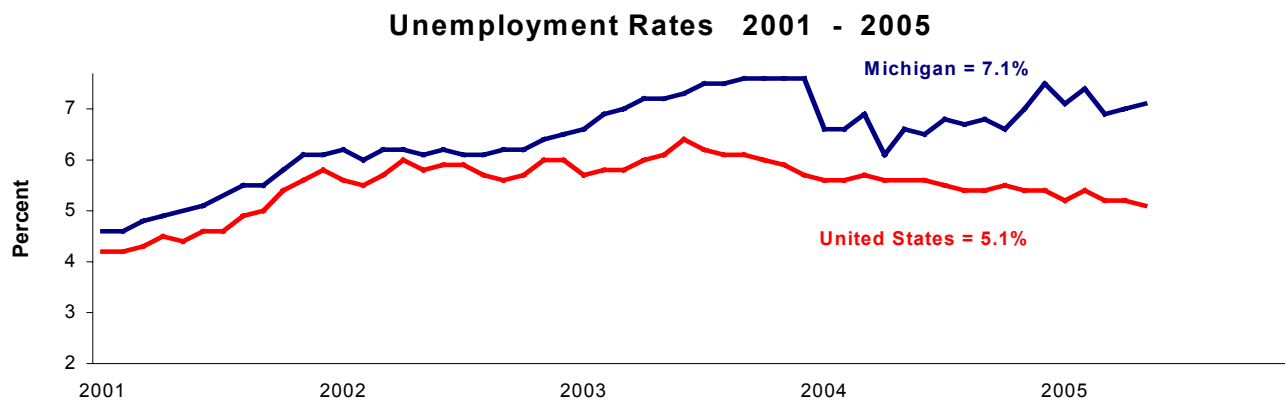
Selected Key Interest Rates



Source: Economic Indicators

Short-term **interest rates** increased 0.07 percentage points in May as the 3-month Treasury bill (T-bill) rate averaged 2.86 percent. Compared to one year ago, the T-bill rate is up 1.82 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.18 percentage points to an interest yield of 5.15 percent in May. Compared to one year ago, the Aaa bond yield is down 0.89 percentage points. The interest rate on High-grade municipal bonds decreased 0.15 percentage points to 4.16 percent in May, and stands 0.87 percentage points below its year ago level. The Federal Open Market Committee (FOMC) raised the federal funds rate by 25 basis points at its May 3rd meeting to 3.00 percent. The FOMC continues to believe that, “even after this action, the stance of monetary policy remains accommodative and, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity. Pressures on inflation have picked up in recent months and pricing power is more evident. Longer-term inflation expectations remain well contained.” The FOMC reported that the upside and downside risks to the attainment of both sustainable growth and price stability are roughly equal. The committee believes that, “policy accommodation can be removed at a pace that is likely to be measured.”

In May, the **U. S. unemployment rate** decreased 0.1 percentage points from a month ago to 5.1 percent and was down 0.5 percentage points from one year ago. Civilian employment totaled 141.5 million persons in May, up nearly 0.4 million from April. The number of unemployed was 7.6 million nationwide.

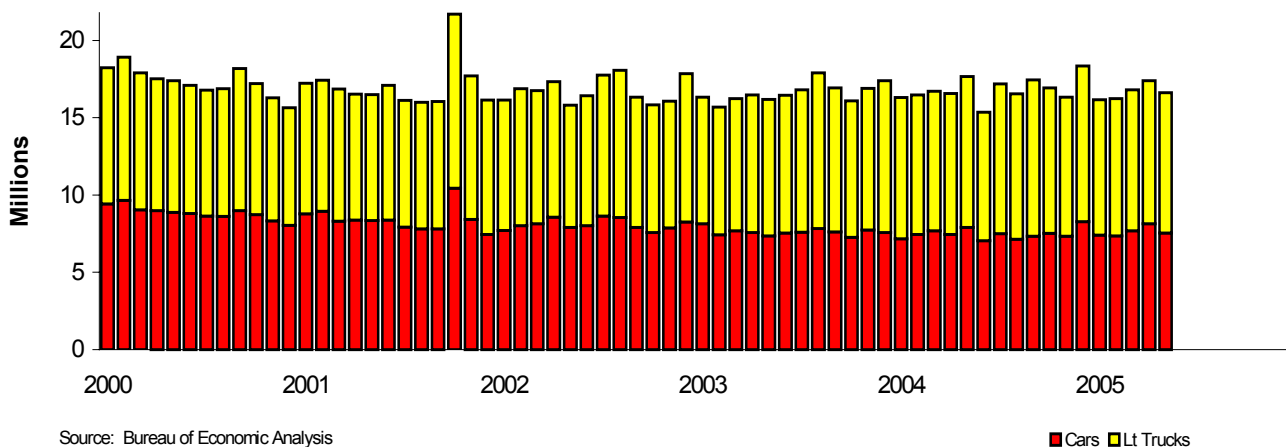


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In May, the **Michigan jobless rate** increased 0.1 percentage points to 7.1 percent. Compared to a year ago, Michigan's jobless rate was 0.1 percentage points higher. From a month ago, the labor force decreased by 12,000 to 5,130,000, while the number of people employed decreased by 15,000 to 4,766,000. In May, there were 363,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors.

Motor Vehicle Sector

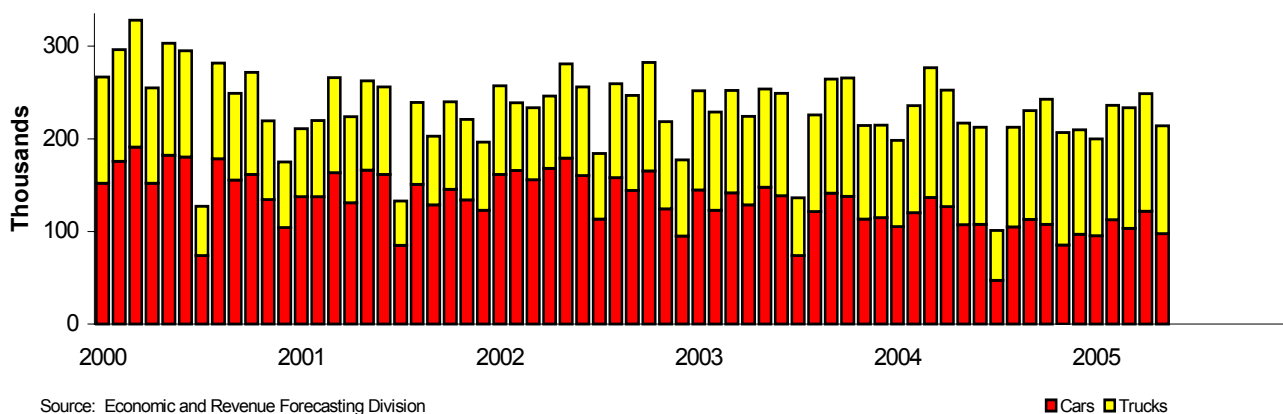
U. S. Light Vehicle Sales



U. S. light vehicle sales (cars + light trucks) decreased 0.6 million units in May selling at a 16.6 million unit seasonally adjusted annual rate. Domestic car sales decreased 8.3 percent while domestic light truck sales decreased 1.7 percent. Import car sales decreased 5.2 percent while import light truck sales decreased 3.7 percent. Compared to last year, light vehicle sales decreased 5.9 percent. Domestic car sales were down 5.7 percent while domestic light truck sales decreased 7.6 percent. Import car sales were down 1.9 percent while import truck sales fell 2.7 percent from last year. As a result, the domestic share decreased 0.8 percentage points from a year ago. For fiscal year 2005, domestic light vehicles have recorded a 79.3 percent share of a 16.9 million-unit market.

Michigan motor vehicle production decreased to 213,984 units in May. From a year ago, motor vehicle production decreased 1 percent in Michigan but rose 1 percent nationally. In May, Michigan's car production was 97,625 units while the state's truck production was 116,359 units. Compared with a year ago, car production fell 9 percent in Michigan but increased 3 percent nationwide. The state's truck production increased 6 percent while national truck production fell 1 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the May 19, 2005 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2002-2003 Actual	Fiscal Year 2003-2004 Estimate	Fiscal Year 2004-2005 Estimate
Applicable Calendar Year Personal Income	\$297,609	\$303,745	\$314,460
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$28,243.1	\$28,825.4	\$29,842.3
Revenue Limit	\$28,243.1	\$28,825.4	\$29,842.3
State Revenue Subject to Limit	\$24,061.6	\$24,082.6	\$24,163.9
Amount Under (Over) Limit	\$4,181.5	\$4,742.8	\$5,678.3

Sources:

Personal Income Estimate

The FY 2002-03 calculation uses the official personal income estimate for calendar year 2001 (Survey of Current Business, October 2002).

The FY 2003-04 calculation uses the official personal income estimate for calendar year 2002 (Survey of Current Business, August 2003).

The FY 2004-05 calculation uses the official personal income estimate for calendar year 2003 (Survey of Current Business, September 2004).

Revenue Subject to the Limit

The FY 2002-03 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2003.

The FY 2003-04 calculation uses the May 19, 2005 Consensus Revenue Agreement.

The FY 2004-05 calculation uses the May 19, 2005 Consensus Revenue Agreement.

Prepared By: Economic and Revenue Forecasting Division, Michigan Department of Treasury